

# FISCAL NOTES

MAY REVENUE (IN MILLIONS): SALES TAX: \$1,781.4 OIL PRODUCTION: \$89.9 NATURAL GAS: \$105.7 MOTOR FUELS: \$258.5 MOTOR VEHICLE SALES: \$196.6 TOBACCO: \$111.8



## Improving MPG

*What's Driving Texans to  
More Fuel-Efficient Vehicles?*

**SEE PAGE 8**

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## LETTER FROM THE COMPTROLLER

**T**his is the time of year when Texas schools send new crops of freshly minted graduates out into what is often called “the real world.”

It’s when many of these young people start looking for and landing their first job, taking the initial steps on the career path for which they’ve studied and prepared. Then they take a close look at their first pay stub, and even those who got through math classes by the skin of their teeth can add up the many ways in which this real world affects their take-home pay.

In this issue of *Fiscal Notes*, we look at the growing costs of entitlement programs, those obligations that governments have made to various segments of the citizenry. Whether it’s Social Security, Medicaid or Medicare, benefits guaranteed in the past are straining budgets today...and will be an even bigger burden tomorrow.

But when I hear the word “entitlement,” I often think of something else. I think of what we’re all entitled to as taxpayers and citizens of Texas.

Taxpayers are entitled to know the true cost of our state government.

You’re all entitled to know where and how your money is being spent.

Our citizens should be able to see that their tax dollars are being invested wisely, and that we’re getting a good return on that investment in the form of tangible, quantifiable benefits, such as a more prepared work force — as our Every Chance Funds are creating — and an environment where businesses can succeed and grow.

These “entitlements” aren’t legislative mandates or burdensome obligations. They’re the fundamental obligations I believe your state government owes to each of you.

Because if we are to make our money go further — whether you’re driving a pickup truck or a state economy — we need sound information and an insistence on value. That’s what we’re giving you.

And that’s why, here in Texas, we’re on the brink of an even brighter future.



## ACROSS TEXAS

➤ **Samsung Electronics** has announced plans for a \$3.6 billion expansion of its chip-making facilities in Austin. The project, scheduled for completion in 2011, will bring 500 additional jobs, offsetting a round of job cuts made in 2009.

➤ San Antonio’s **Trinity University** has begun construction of a 55,000-square-foot Science and Engineering Center. Local firm Joeris General Contractors Ltd. will serve as general contractor for the project.

➤ Sugar Land, near Houston, is partnering with **Pennsylvania’s Opening Day Partners, LLC** to build a minor-league baseball stadium. The \$30 million facility is expected to create 120 jobs and draw 300,000 visitors each year.



Visit our online edition at [www.FiscalNotes.com](http://www.FiscalNotes.com) to learn why the 2010 Census is important to you, and to read extended versions of our cover story and our interview with Michael Granof.

# Amarillo's Sage Oil Vac Cleans Up

by David Bloom

## Oil Changes Lead to Career Change

Many businesses are named after their founders. Sometimes, the name is a perfect match for the product, such as Carpenter's Cabinetry or Bloom's Florist. In the case of Sage Oil Vac, the name reflects Gary Sage's wisdom in pioneering an oil-changing technique that quickly spread by word of mouth to local ranchers — and by word of Internet to far-flung international markets.

Back in 1993, Sage had grown frustrated by the messy task of changing oil in the engines of the large irrigation systems on his farm near the Panhandle town of Dalhart. The chore would frequently end with oil spilled on the ground, and more than a little on him.

So Sage designed and built a system to vacuum up used oil directly from the engine pan. It proved to be far easier and allowed oil changes to be made in half the time. Soon, his fellow farmers were asking him to build them oil vacuum systems as well.

Within a decade, he was manufacturing Sage Oil Vacs full time and the company's products were being used in all 50 states and Canada. While the oil vacuum was initially conceived to solve an agricultural-related challenge, other industries, such as construction and oil and gas, quickly embraced the technique. Today, government agencies and the military also use Sage Oil Vacs to maintain their heavy equipment.

Sage's first international sale came in 2004, when the government of Jordan purchased an oil vacuum-equipped truck after learning about Sage's capabilities. A sourcing agent for the Moroccan government also discovered Sage through the Internet. Further orders came from foreign companies that have oil distribution deals with Texas-based global energy companies such as Conoco Phillips and ExxonMobil.

The Wales-based Chemical Corporation, Ltd., recently signed a deal to be the exclusive distributor of Sage Oil Vac Wind's Gear Oil Exchange Systems in Europe. The Welsh firm is developing a customer-service package to offer oil changes to Europe's growing wind turbine industry.

GOING GLOBAL



And while its Wind Gear Exchange Unit was devised to serve the embryonic wind energy industry, Sage Oil Vac believes that it has far greater business potential in other aspects of power generation, such as servicing large gearboxes in coal-burning and nuclear power plants in the U.S. and abroad.

The biggest obstacles Sage Oil Vac faces in exporting its products overseas are minor differences between U.S. and European standards for pressure equipment.

Sage has turned to the U.S. Department of Commerce's West Texas U.S. Export Assistance Center in Midland to help resolve the issues resulting from these differing standards, which can increase production time and costs by some 25 percent. Sage also is part of the Commerce Department's Gold Key program, which can help it connect with qualified international distributors.

According to Chief Operating Officer Aaron Sage, exports accounted for nearly 30 percent of the company's business in 2009.

With the domestic market hurting from the recession, "last year was a very good one to be active in the global arena," says Sage. **FN**



L to R: Aaron Sage, Chief Operating Officer; Helen Sage, President; Gary Sage, CEO.

Learn more about Sage Oil Vac at [www.sageoilvac.com](http://www.sageoilvac.com).

To read other installments in our "Going Global" series, visit [www.FiscalNotes.com](http://www.FiscalNotes.com).

Do you know of a smaller Texas company that is making strides in cultivating international sales?

Let us know at [fiscal.notes@cpa.state.tx.us](mailto:fiscal.notes@cpa.state.tx.us) — we might profile them in an upcoming issue.

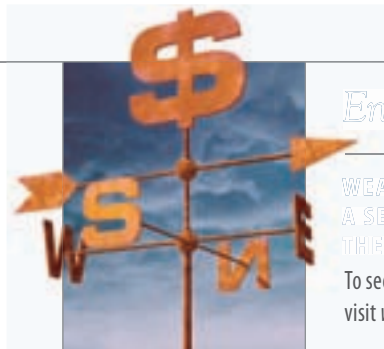
Sage Oil Vac's skid unit can be moved easily with a fork lift.





# A Bigger and Bigger Hole

by Bruce Wright



## Entitlements and the Economy

**WEATHERING THE STORM:**  
A SERIES OF REPORTS ON  
THE TEXAS ECONOMIC CLIMATE

To see our entire series of "Weathering the Storm" articles,  
visit [www.FiscalNotes.com](http://www.FiscalNotes.com).

In our last issue, *Fiscal Notes* examined the spiraling federal deficit. This time, we're taking a look at its major cause: entitlements.

An *entitlement* is a government program that guarantees benefits to a person by virtue of their belonging to a specific class defined in law. Number-crunchers also call such programs "mandatory spending," since population and federal law, rather than Congress, determine the amounts spent on them.

Entitlement programs include a wide variety of government spending. The largest by far, however, are Social Security, Medicare and Medicaid, whose costs are soaring.

According to the Center on Budget and Policy Priorities, Social Security accounts for 20 percent of the 2010 federal budget, and Medicare, Medicaid and the Children's Health Insurance Program take up another 21 percent. Various "safety-net" programs such as low-income housing assistance and the food-stamp program account for 14 percent more.

As up to 78 million baby boomers enter their golden years, entitlement costs have nowhere to go but up. The Congressional Budget Office (CBO) estimates that Medicare, Medicaid and Social Security alone will account for 47 percent of all federal spending by 2020.

Based on CBO figures, the Heritage Foundation estimates that costs for the three largest entitlement programs will double by 2050, and account for nearly 18 percent of the U.S. gross national product at that time.

The bill for this avalanche of spending falls largely on federal taxpayers — but not entirely. The federal and state governments jointly fund Medicaid. Texas expects to spend \$9.5 billion in state funds on the program in fiscal 2011, or about 20 percent of all state-funded appropriations for the year.

Dr. Michael H. Granof, Ernst & Young Professor of Accounting at the University of Texas at Austin, recently pointed out that the federal government's own financial

reports make it clear that its revenues cannot continue to support entitlements at their current levels. *Fiscal Notes* spoke with Dr. Granof on this thorny topic.

**FN:** You said in a recent article that federal accounting figures make it clear that "the sky is indeed falling." Could you elaborate?

**Granof:** The best thing I can do is cite the federal government's own 2009 annual report. The feds have issued a statement that says plainly that present trends are unsustainable. And the longer we run up deficits, the longer we wait to solve the problem, the greater the federal debt. And the greater the debt, the greater the interest costs we have to pay.

We're digging ourselves into a bigger and bigger hole. There's no question about that. And in large part that's driven, in addition to interest, by entitlements, mostly Social Security, Medicare and Medicaid.

**FN:** Do they all represent an equal threat?

**Granof:** No. Social Security's a relatively easy problem to solve. We can raise the retirement age and remove the cap on contributions. Right now, if you're employed, you only pay a Social Security tax of 6.2 percent on the first \$106,800 of your salary. You can readily remove or increase that cap to solve that problem.

The problem is that there doesn't seem to be the political will to make the changes needed to save the system.

**FN:** Advocating changes to Social Security seems to be a career-limiting move for federal legislators. If that's the "easy" problem, it doesn't bode well for the hard ones.

**Granof:** It's medical costs, Medicare and Medicaid, which are the big problem, largely because of administrative costs, costly new technologies and trends in population.

**FN:** You mean the aging of the baby boomers?

**Granof:** The baby boomers are part of it, for sure, but it's also the overall increase in life expectancy. People are living longer, and getting benefits for a longer period of time. You can't increase demand without increasing supply and then expect costs not to go up.

Again, though, the problem we face now, and have faced in recent years, is that of governments [being] unable to successfully address even those problems that should be fairly simple to resolve. Thus we've been unable to enact Social Security reform, which should be a piece of cake compared with health care.

**FN:** And on the health care front, you see administrative costs as a major problem.

**"The feds have issued a statement that says plainly that present trends are unsustainable."**

— Dr. Michael H. Granof

**Granof:** Yes. We've been unable to take steps in any meaningful way to decrease the administrative costs connected with health care.

You go to any doctor and you're going to see people sitting around filing insurance claims, maybe three or four of them. And presumably, there's another four people at the insurance company at the other end. That's a lot of added costs.

Eventually, we're just going to have to bite the bullet and make some really major changes to the health care system. In some countries, doctor's offices don't keep medical records or financial records. You give the doctor a card, like a credit card, that has all of your medical records embedded in it. For billing purposes, the doctor just has to slide it through a reader, again like a credit card, and the doctor's automatically paid. That's efficiency.

Our system of employer-based insurance is hurting the economy in many ways, some obvious and others less so. It makes it much more difficult for us to compete with other countries in terms of manufacturing, because the cost of health insurance is literally built into every product we make. Certainly, that's a major factor that has hurt the automobile industry, for example. But it hurts other industries as well. In other countries, those costs aren't built in.

There's an apocryphal story that the chairman of one of the Big Three automobile companies once asked his board, "Who's our biggest supplier?" And of course, people guessed steel companies, rubber companies, whatever. But no, it was Blue Cross Blue Shield, their health insurer.

**FN:** I've heard the old GM described as a health insurance provider that also made cars.

**Granof:** Right! That's what I'm saying! Our employer-based insurance system simply isn't working very well.



"There doesn't seem to be the political will to make the changes needed to save the system."

— Dr. Michael H. Granof

Ernst & Young Professor of Accounting  
University of Texas at Austin

**FN:** But what would you say to arguments pointing out, for instance, that government-administered health insurance programs in European countries are being supported by fewer and fewer workers? That they, in other words, may not be sustainable either?

**Granof:** Look, they have problems too. But we can't close the door on any options. We've got to come up with reasonable solutions, and one way or another, they're going to have to involve government. That's just reality, it's pragmatism.

I was in favor of the recent health care bill. But it doesn't solve the problem of increasing long-term costs. We've got to figure out a way both to control those costs and to pay for them, and we haven't done that yet. The problem is, the trends are so unfavorable, we're going to *have* to figure out a solution. **FN**

For the most current statistics and projections on the federal budget, visit [www.cbo.gov](http://www.cbo.gov).



For a longer version of this article at [FiscalNotes.com](http://FiscalNotes.com), Dr. Granof discusses his outlook for the nation's economy.

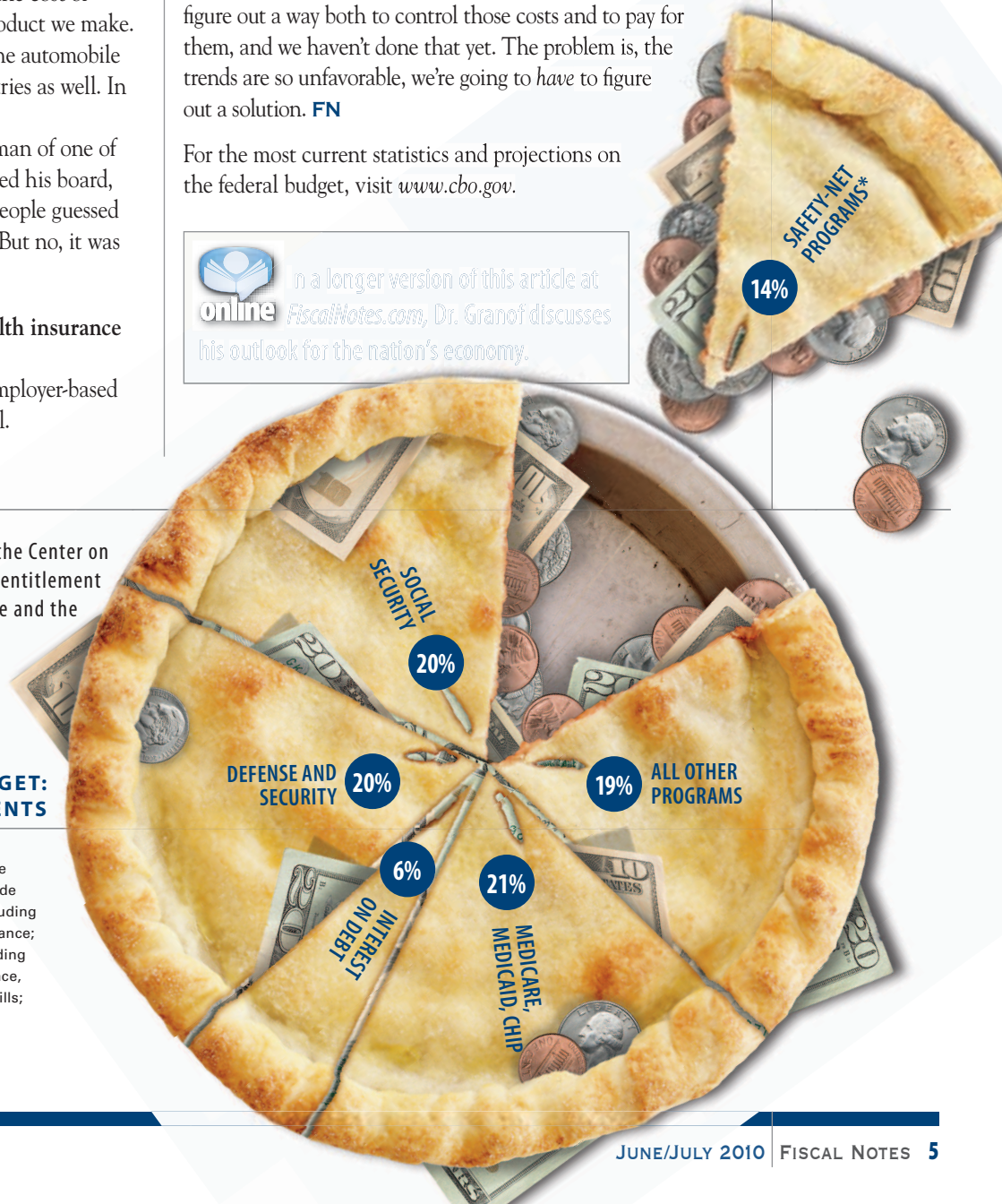
## BIG SLICES OF THE PIE

Based on Congressional Budget Office figures, the Center on Budget and Policy Priorities reports that major entitlement programs — Social Security, Medicaid, Medicare and the Children's Health Insurance Program (CHIP) — account for 41 percent of federal spending in fiscal 2010. "Safety-net" programs represent another 14 percent.

### 2010 FEDERAL BUDGET: MAJOR COMPONENTS

\* Safety-net programs include the refundable portion of the earned-income and child tax credits; programs that provide cash payments to eligible individuals or households, including Supplemental Security Income and unemployment insurance; various in-kind assistance for low-income persons, including food stamps, school meals, low-income housing assistance, child-care assistance and assistance with home energy bills; and other programs such as those that aid abused and neglected children.

Source: Center on Budget and Policy Priorities





# When Dreams Meet Opportunity

by Michael Castellon

## *Texan Takes Every Chance at a New Life*

**A**fter the death of her mother in 2002, 14-year-old Veronica Aguilar-Salazar made a pact with her six brothers and sisters.

"We made a solemn vow in honor of my mother," she says. "We would never fall into wrongdoing, we'll stay away from drugs and do the best we could for each other. We would work hard and be the best that we could be no matter what."

Following high school in Snyder, Texas, Veronica started a family.

To provide for her first child, she took on two jobs: one at a local grocery store, and another as an overnight stocker at a big-box retailer. The long hours were difficult, she says, but with the help of her grandmother and government-funded day care, she was able to care for her child and siblings.

Her younger brother Mark, with whom Veronica always shared a close bond, enlisted in the Marines after graduating from high school and quickly found a home in the service of his country.

"I look up to him so much for having completed so much at such a young age," she says of her brother, who plans to make a lifelong career in the Marines. Despite facing deployment at any time, he remained a confidant and advisor to Veronica.

### **EVERLASTING IMPACT**

By the time she had her second child, Veronica felt that she had lost control of her life. Long hours and time away from home had become a major burden.

"I decided the only way I would be able to provide for my children as a single parent was working toward a better career," she says.

After giving birth to her second child, Veronica was placed in intensive care for eight days. She became inspired while under the care of several nurses.

"At this point in time, everything in my personal life seemed so bent," she says. "My experience in ICU made me realize that these people valued my purpose and my life. It meant so much for me to get better and get back home to my son. My stay in ICU drove me to believe that I have traits similar to those of the nurses."

### **INTO THE UNKNOWN**

Like many people in similar situations, Veronica was afraid of going back to school. She already had two jobs, little money and she carried a lot of responsibility.

"I decided I wanted to be like the nurses that helped my well-being," she says. "I knew it would create many new opportunities for me. I had to do something different. I just didn't know how."

With her brother Mark's support, she made her choice. Veronica stepped into the Western Texas College's admission office, and from there her life began to change.

A college counselor urged Veronica to apply for a special program. It was the Every Chance Funds, a program administered by the Comptroller's office. Veronica applied for and received financial aid under the program, to offset the cost of tuition and fees.

"When I heard of it, I knew this was my opportunity to accomplish my dreams in nursing," she says. "I had no car, no money, no mom and was a single parent of two children. I didn't know what I was going to do or where I was going to start."

*"I knew [college] would create many new opportunities for me.  
I had to do something different. I just didn't know how."*

— Veronica Aguilar-Salazar



Within a short time, she was enrolled in the 12-month licensed vocational nurse (LVN) program, with just enough financial support to quit her two jobs so she could focus on her studies.

### GIVING EVERY CHANCE

Texas has a critical need for trained workers. The growth in job openings requiring technical training, certification or associate degrees is outpacing the number of Texans available to fill them, despite the fact that many of these jobs pay above-average salaries.

To meet this challenge, the 2009 Texas Legislature approved a \$25 million Jobs and Education for Texans program to help meet the state's demand for skilled workers. Legislators tapped the Comptroller's office to run the program, now dubbed the Every Chance Funds.

The program is divided into three parts: the Job Building Fund, which helps finance equipment purchases for new career and technical education programs;

the Launchpad Fund, which supports nonprofit organizations that prepare low-income students for careers in high-growth industries; and the Career and Technical Scholarship Fund, which provides financial support to students in training for high-demand careers.

The last of these funds helped Veronica — and more than 2,300 other Texas students as of July 12, 2010. By that date, the program had disbursed about \$1.7 million of the \$2.5 million available for these scholarships in fiscal 2010. The students, 72 percent of them above traditional college age, received an average of \$740 each to help them build new and better lives.

### "EDUCATION IS THE WAY"

Veronica hasn't lost her ability for hard work. Without a computer at home, she spends much time at the college's computer center, writing papers and working on projects while

her grandmother or a day-care center watches over her children.

And the outlook for her career is excellent. Her long-term goal is to pick up further training and become a registered nurse (RN).

"I want to let anyone in a similar situation know that there are resources to help you reach your dreams," Veronica says. "If I can do it, anyone can. Education is definitely the way to better your life.

"My brothers and sisters all look up to me as the oldest," she says. "I want to be an inspiration to them. I want to be able to help them so that they have it easier than our mom did and easier than I did." **FN**

For more information on the Every Chance Funds, and a list of resources for parents and students, visit [www.everychanceeverytexan.org/funds](http://www.everychanceeverytexan.org/funds).

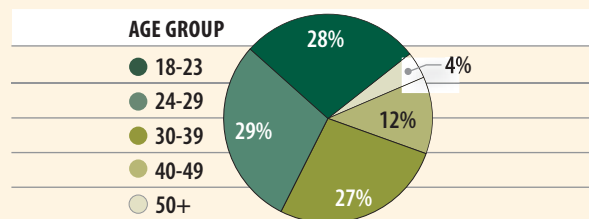


### EVERY CHANCE FUNDS:



#### WHO'S GETTING HELP?

**A**s of June 21, 2010, Every Chance Fund scholars were 60 percent female and 40 percent male. They ranged in age from 18 to 71, with an average age of 30.



#### WHAT ARE THEY STUDYING?

**T**he 2,028 Texans tapped as Every Chance Fund scholars as of July 12, 2010 are pursuing a wide variety of careers, but the health professions are by far the most popular.

OCCUPATIONAL PROGRAM	STUDENTS	% OF TOTAL STUDENTS
Computer & Information Tech	180	8%
Construction Trades	53	2%
Engineering Tech	241	10%
Health Professions	1,437	62%
Mechanical & Repair Tech	256	11%
Precision Production	105	5%
Science Tech	38	2%
<b>Total</b>	<b>2,310</b>	<b>100%</b>

Source: Texas Comptroller of Public Accounts



# Improving MPG

by Gerard MacCrossan

## What's driving Texans to more fuel-efficient vehicles?

**F**luctuating fuel costs are a fact of modern life, and drivers across Texas remember the gasoline price surge of 2008 all too well.

But whatever the economic climate, Texas auto buyers still consider function as well as running costs when buying new vehicles.

So far in 2010, Texans are still buying more full-sized trucks than any other type of new vehicle and, despite swinging gasoline and diesel prices, truck registrations (including SUVs and vans) still accounted for about a third of all Texas vehicles on the road in fiscal 2009.

Even so, we may be seeing tentative moves toward greater fuel economy. Automotive publisher Edmunds Inc. estimates that the market share for



## Texans are still buying more full-sized trucks than any other type of new vehicle.

full-sized trucks — a Texas icon — has slipped a little over the past five years, from almost 25 percent of all vehicles in the first quarter of 2005 to 22 percent in the same quarter of 2010.

North Texas car dealer Ray Huffines says the days of selling Tahoes, Suburbans and full-sized pickups to people more for looks than necessity may be coming to an end.

“Some people bought them just because they liked them, but they won’t go away completely, because many people still need them,” Huffines says. “When gas went to almost \$4 per gallon, that definitely changed people’s buying habits. Now a lot of those people have moved to something else.”

## MPG RISES

Edmunds’ first-quarter comparison of retail vehicle sales in 2005 and 2010 shows that Texas buyers are moving toward fuel-efficient models. In the past five years, Texans have become more likely to choose subcompact cars and less likely to buy trucks, large cars and vans.

Edmunds’ statistics show that total Texas vehicle sales in first-quarter 2010 reflect an 8.8 percent improvement in average gas mileage versus vehicles sold in the same quarter five years before.

“Miles per gallon is of huge concern to the automakers,” says Ivan Drury, an Edmunds analyst, and they have improved fuel efficiency in most vehicle types.

Interestingly, the three categories with the biggest mileage improvements all were SUVs — compact, large and luxury models. Most improved was the compact SUV group; vehicles sold in 2010 average 21.7 miles per gallon (mpg), 13.4 percent more than for those sold in 2005.

SUVs also saw the largest increase in Texas market share between 2005 and 2010. Total market share for all SUVs combined (the three categories cited above as well as midsize vehicles) increased to 30.1 percent in first-quarter 2010, pushing ahead of trucks’ market share of 24.5 percent.

Fuel efficiency improvements were lower among trucks. Compact trucks sold in first-quarter 2010 averaged 17 mpg, for a five-year increase of just 2.5 percent, while full-sized trucks saw a 7.9 percent mileage increase, to 15.9 mpg.

Vans (excluding minivans) were the only vehicle category that saw a drop in average miles per gallon over five years, and their market share plummeted to just 0.3 percent of vehicles sold in Texas.

## SHIFTING PREFERENCES

**F**actors including individual taste and fluctuating gasoline prices have prompted Texas vehicle buyers to alter their choices in recent years.

VEHICLE TYPE	2005	2010	GAIN/LOSS
SUB-/COMPACT/ MIDSIZE CAR	25.2%	28.3%	+3.0%
LARGE/PREMIUM/ LUXURY CAR	12.9	9.7	-3.2
SMALL/ MIDSIZE SUV	14.3	17.1	+2.8
LARGE/ LUXURY SUV	10.5	12.9	+2.4
COMPACT/ FULL-SIZED TRUCK	28.5	24.5	-4.0
OTHER	8.5	7.4	-1.1

\*Market share by year may total less than 100 percent due to rounding.

Source: Edmunds Inc. and Texas Comptroller of Public Accounts





**“Manufacturers are getting a lot more horsepower as well as fuel economy out of smaller engines.”**

— Ray Huffines



## PUSHING THE BOUNDARIES

Current trends in market share, however, could be changed by breakthroughs in fuel efficiency.

To sell vehicles, rival automakers are continually advancing design and engineering. They have to keep pushing the boundaries, Drury says. “One of the simplest ideas — and most expensive — is to lighten the vehicle,” he says. “Replace iron with aluminum. But that’s very costly right now.”

Certainly, redesigning vehicles has helped attract customer attention. The original SUVs were built on truck platforms and drove like trucks.

“There has been a move for several years to go to car platforms [for SUVs], usually front-wheel drive,” says Huffines. “They have lighter weight and better fuel mileage. But they look alike and have capabilities that fit most customers’ needs.”

Huffines is a third-generation car dealer, running the company started in Denton by his grandfather in 1924. The company has expanded from its original Chevrolet franchise and now sells Chrysler, Jeep, Dodge, Hyundai, Kia and Subaru from eight stores in Plano, Lewisville, McKinney and Denton.

“Manufacturers are getting a lot more horsepower as well as fuel economy out of smaller engines,” Huffines says, noting that cars that might have had a V6 in previous years now obtain the same power from more fuel-efficient, four-cylinder models.

“Transmissions have gone from three-speed to four-speed and now even five- and six-speed automatics,” he adds.



In a longer version of this **online** article at [FiscalNotes.com](http://FiscalNotes.com), read how more MPG means less tax and less state revenue.

“An added benefit of smaller engines, of course, is that they’re lighter, too.”

## HYBRIDS RISING

But lighter vehicles grab fewer headlines than higher-tech solutions, and hybrid gasoline-electric engines have gained the most attention in recent years.

According to the Texas Department of Motor Vehicles (DMV), 78,000 hybrid vehicles were registered in the state as of January 2010, 10,400 more than in the previous year.

In 2004, only 5,100 hybrids were on Texas roads, two made by Honda and a Toyota model. Today, 21 models are available, with the Toyota Prius accounting for almost 40 percent of the Texas total. But American automakers aren’t completely out of the market, with about 10,000 General Motors and Ford hybrids registered here, mostly trucks and SUVs.

Hybrid vehicle sales weren’t immune from a big drop in auto sales Texas dealers endured in 2009, the first full year of the

## TEXAS’ FAVORED HYBRIDS

AS OF 1/11/2010

Toyota Prius	31,026
Honda Civic	9,926
Toyota Camry	8,851
Chevrolet Silverado	5,861
Lexus GS450H	4,764

Source: Texas Department of Motor Vehicles



recession. From January 2008 to January 2009, Texans registered about 14,200 hybrids, substantially down from the 19,700 hybrids first registered in 2007.

The number of hybrids in Texas continues to rise, although they still represent just 0.5 percent of the 17 million cars and trucks on Texas roads.

Current hybrid technology offers better fuel efficiency than most traditional gas-powered vehicles, but the margin of improvement varies widely among models. Edmunds data indicate that hybrid technology makes the most difference to the Honda Civic. Its hybrid version gets about 13 miles more to the gallon than the conventional model, a 45 percent boost. The hybrid Chevrolet Silverado pickup, by contrast, is only about 25 percent more fuel-efficient, gaining five to seven mpg on its conventional V8 stable mates.








**CONTINUED ON PAGE 12**

## FURTHER PER GALLON

Between 2005 and 2010, fuel efficiency improved in the majority of vehicles sold in Texas. SUVs had the biggest percentage improvement, with vehicles sold in 2010 averaging 11.1 percent better fuel efficiency than those sold in 2005.

## IMPROVING FUEL EFFICIENCY: VEHICLES SOLD IN TEXAS

### MILES PER GALLON BY VEHICLE SEGMENT

VEHICLE SEGMENT	Q1 2005	Q1 2010	CHANGE (%)
 SUV	16.1	17.9	11.1%
 MIDSIZE CAR	20.9	23.1	10.6
 MINIVAN	18.0	19.8	10.1
 PREMIUM/LUXURY CAR	17.9	19.5	9.2
 COMPACT/SUBCOMPACT CAR	25.6	27.5	7.4
 FULL-SIZED TRUCK	14.8	15.9	7.9
 PREMIUM SPORT CAR	15.7	15.9	1.6

Source: Edmunds Inc. and Texas Comptroller of Public Accounts

# Cool Ways on Hot Days

by Clint Shields

## Texas Water Parks: Oases from the Summer Heat

If it's summer in Texas, there's a decent chance that it's hot outside — very hot. And the cool waters of a wave pool or the rush of a waterslide might never seem more inviting.

Texas water parks have evolved from a 1980s curiosity into an integral part

of the state's entertainment package, providing fun for millions and thousands of jobs for local communities.

Water parks and theme parks such as Six Flags and SeaWorld accounted for almost \$400 million in gross sales through the first three quarters of 2009. More than \$336 million of that came during quarters two and three (April to June and July through September), the seasonal peak. More than 10,000 Texans staff these attractions during high season, earning about \$41 million in wages during 2009's third quarter.

"Given the state's climate and population, it's easy to understand the appeal and demand for water parks," says Arthur Levine, a travel writer and self-proclaimed "parkaholic" who maintains About.com's Guide to Theme Parks.

Wet 'n Wild, which first opened in Arlington in the 1980s, really started the trend of water parks with long and tall slides and rides. Six Flags Hurricane Harbor now occupies Wet 'n Wild's old grounds and is one of the premier names on the Texas water-park roster, which offers plenty of choices.

A park's marquee attractions, along with a diverse selection of rides, helps pull in guests, Levine says, as do amenities that appeal to families with small children. And one Texas park has led the way.

"Schlitterbahn is regarded as one of the best and most innovative water parks in the industry," he says. "Through the years, it has gained a reputation for developing ground-breaking attractions."

### BEAT THE HEAT AT THE 'BAHN

New Braunfels' Schlitterbahn Water-park opened to water revelers in 1979. The park's signature castle and four slides were all that greeted visitors that first summer. They remain today, but now are part of a 75-acre, three-park complex. And the company has extended its brand with additional Schlitterbahn parks in Galveston, South Padre Island and Kansas City, Kansas, as well as another planned for Cedar Park near Austin.

"I travel throughout Texas and I'm always amazed at the number of people who know the name and know what it's about," says Jeffrey Siebert, Schlitterbahn's communications director.

According to the Themed Entertainment Association, Schlitterbahn's New Braunfels and Galveston parks recently ranked among the nation's top 10 water parks based on attendance. Siebert says the association estimates





more than a million visitors beat the heat in New Braunfels in 2009, and more than 600,000 visited the Galveston park.

## Texas water parks provide fun for millions and jobs for thousands.

Part of Schlitterbahn's success is certainly the fun factor, with innovative attractions such as uphill water coasters and river floats where riders are pulled from the water directly into their ride of choice. But another factor is longevity, which gives families an opportunity to share similar experiences.

"Parents can remember when they were kids here because we've been around for 30 years," Siebert says. "There's some history and nostalgia where they can ride with their kids the same rides they rode when they were kids."

### PARK REVIVAL

When Six Flags began operations at Wet n' Wild in 1995 — the Hurricane Harbor name came along in 1997 — it joined an Arlington entertainment roster already buoyed by professional sports, museums and the main Six Flags Over Texas park.

With about 47 acres and more than 20 rides and attractions, Hurricane Harbor is North Texas' largest water park, says Sharon Parker, the park's director of communications. It employs about 500 during peak season and, coupled with Six Flags' 45-year history in the area, gives the company a nice one-two punch that fits nicely into Arlington's mix.

"We pride ourselves on being able to provide our guests not only a venue where they can make long-lasting memories, but do so at an affordable price," Parker says. "One thing we've noticed is that, despite the economic climate, people are still going to find a way to

treat themselves to fun. We feel like we've positioned ourselves to offer guests a great deal."

Park entry costs less than \$30 for adults, with lower rates for children, and the park offers customers the added convenience of ordering tickets or even snack and meal vouchers online and then printing their tickets at home. Those amenities have not gone unnoticed.

"The Arlington Convention and Visitors Bureau [CVB] and both Six Flags parks work together continuously to provide a great family getaway," says CVB President Jay Burress. "Hurricane Harbor is a great addition to that and keeps those families here an extra day." **FN**

To read about the nation's best water parks, check out Arthur Levine's website at <http://themeparks.about.com>.

For park information and online ticket purchases, visit Schlitterbahn and Hurricane Harbor at [www.schlitterbahn.com](http://www.schlitterbahn.com) and [www.sixflags.com/HurricaneHarborTexas](http://www.sixflags.com/HurricaneHarborTexas).



## MAKING A SPLASH

For more than 25 years, San Antonio's Splashtown has played it cool, growing into a 20-acre park with slides and rides for all ages.

"I've been here from the ground up and been able to see this place grow," says Keith Kinney, Splashtown's owner and co-founder. "In acreage, it's probably doubled in size. We started with seven slides in '85 and now have more than 40."

To keep the fun moving, Kinney says he tries to add a new attraction every couple of years or so. Splashtown sees about 250,000 visitors annually and employs about 300 during the season. About 25 percent of that crowd comes from outside the San Antonio area, and despite Splashtown's close proximity to larger parks such as Schlitterbahn and White Water Bay at San Antonio's Six Flags Fiesta Texas, Kinney says their presence is good for business.

"The truth is, the other parks have enabled the market to grow," he says. "We often catch folks who are here on their second, third or fourth day in town."

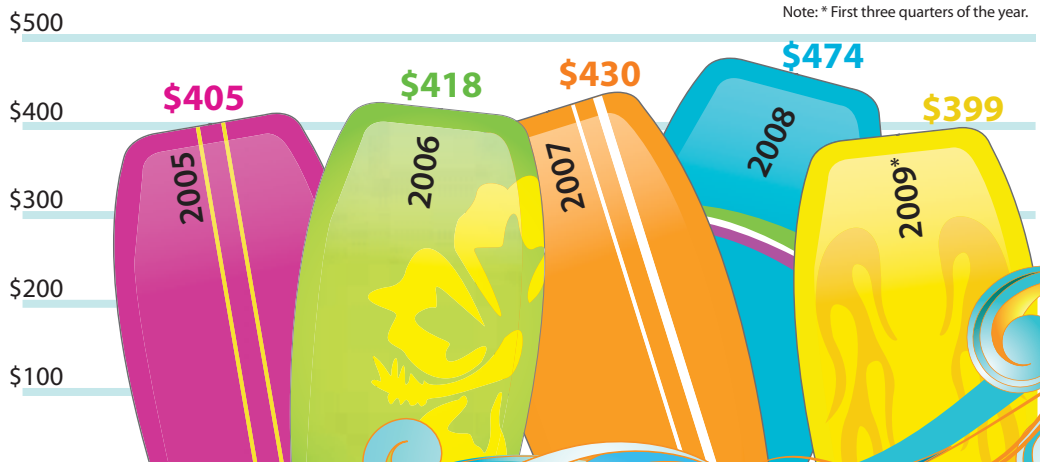
Find schedules, event information or purchase tickets online at [www.splashtownsa.com](http://www.splashtownsa.com).



## SELLING FUN

Texans and out-of-state visitors alike continue flocking to our theme and amusement parks, and their spending has risen steadily since 2005.

### Gross Sales (in millions)



Note: \* First three quarters of the year.

Source: Texas Comptroller of Public Accounts

### Volt will offer “plug-in” recharging from home outlets.



And of course, hybrids come with a bigger sticker price. At more than \$23,000, the Civic hybrid costs about 50 percent more than the conventional Civic four-door sedan. A base-model Chevrolet Silverado crew cab hybrid stickers at more than \$38,000, \$8,000 (or 27 percent) more than the V8-powered non-hybrid base model.

#### THE NEXT BIG THING

According to Drury, current hybrid technology is more of a placeholder for fully electric cars. In the meantime, more sophisticated hybrids are on the way.

In current hybrids such as the Prius, the electric motor and gasoline engine

work more or less in tandem; the electric motor takes over when the car is idling, for instance, and the gasoline engine recharges the electrical motor's battery as it runs. A newer generation of hybrids, such as the Chevrolet Volt due in showrooms in late 2010, will be capable of electric-only driving, with a promised range of 40 miles between charges. And the Volt will offer “plug-in” recharging from home outlets.

“There will be some early adopters but there are a lot of unknowns, including cost,” says Huffines. “Will you have to get something done at your house [to use the plug-in feature]? There are still a lot of questions.”

On April 1, 2010, the National Highway Traffic Safety Administration (NHTSA) and the Environmental Protection Agency issued new standards for automakers that require an annual 5 percent reduction in vehicle emissions between the 2012 and 2016 model years, and an overall average of 34.1 mpg for new vehicles on sale in 2016.

This goal calls for new technology as well as continuing fuel-efficiency improvements. But NHTSA estimates that the new standards will save consumers an average of \$3,000

over the lifetime of a new vehicle, with fuel savings offsetting upfront technology costs.

#### OUT OF THE TROUGH?

One of many signs of the downturn is the fact that Americans are hanging on to their vehicles longer. According to automotive research firm R.L. Polk, the average length of vehicle ownership among U.S. consumers was 49.9 months in September 2009, up from 45 months in September 2008.

And 2009 saw the lowest volume of new vehicle sales nationwide in almost two decades. “Normal” annual U.S. sales volume is 16 to 17 million vehicles, says Edmunds’ Drury. In 2008, dealers sold slightly more than 13 million vehicles, and only 10.4 million in 2009.

According to DMV, the all-time peak for new vehicle registrations in Texas came in fiscal 2007, when Texas drivers added more than 500,000 passenger cars, trucks and motorcycles, more than 2008 and 2009 combined.

But auto dealers such as Huffines are in for the long haul, and he sees reasons for guarded optimism. “We’re hopeful that [2009] is going to be the low point. 2010 is going to see an increase — but not back to the numbers for 2007.”

Drury also sees “pent-up demand from people waiting to buy a new car, perhaps waiting for the economy to get better or a new job.”

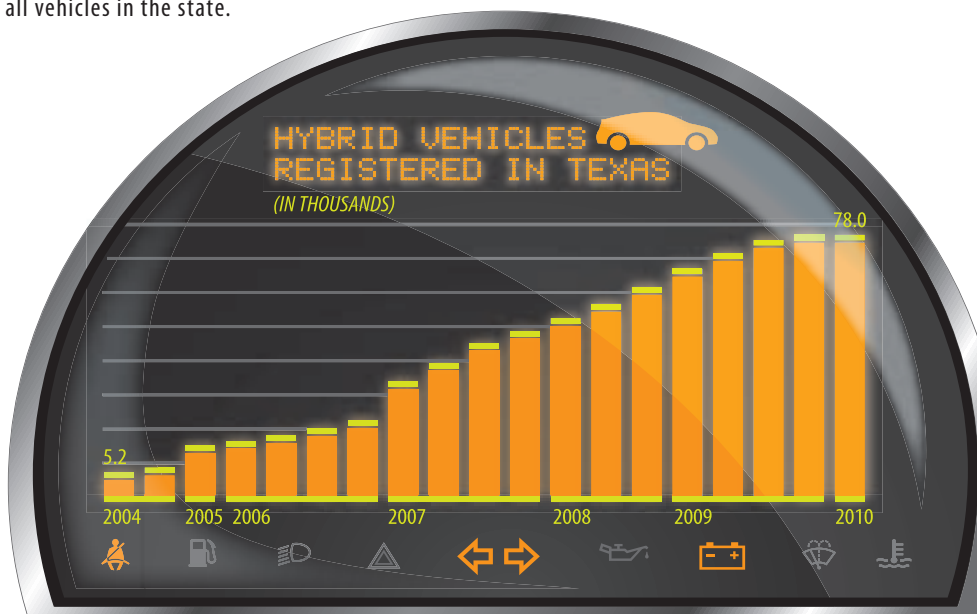
“People are becoming more frugal through the recession and are maybe stretching out their purchases,” Huffines says. “We provide service and that’s a big part of our business, too. But although vehicles are lasting longer, they do eventually wear out. People will still need cars and we’ll still be selling cars.”

“We can’t really predict the future,” he says. “But I’m optimistic the worst is behind us.” **FN**

The Environmental Protection Agency tests every passenger car and truck sold in the U.S. for fuel consumption. Find out how your vehicle is expected to perform at [www.fueleconomy.gov](http://www.fueleconomy.gov).

#### HYBRID VEHICLES REGISTERED IN TEXAS

According to the Texas Department of Motor Vehicles, the number of hybrid vehicles registered in Texas has risen by more than 1,400 percent since April 2004. Even so, they still account for just a half-percent of all vehicles in the state.



Source: Texas Department of Motor Vehicles



# Brief Bytes

by Editorial Staff



## BIG BEND GETS STIMULUS BOOST

Big Bend National Park will get a \$10.5 million facelift, thanks to federal stimulus funding.

The funds will be used to maintain the park's 123 miles of paved roads, rehabilitate historic officers' quarters and repair infrastructure damaged by flooding.

Big Bend's share is part of \$129 million made available to 30 high-priority National Park Service projects. Other stimulus funding awards to Texas parks include \$103,000 for rehabilitation of sewer, septic and potable water systems at Mission Espada in San Antonio; \$208,000 for removal of debris along the shoreline of Amistad National Recreational Area; \$309,000 for trail rehabilitation and upgrades to the Guadalupe Mountains Park Visitors Center; and \$46,000 for preservation of a historic brick oven at Fort Davis National Historic Site.

For a complete listing of national park stimulus projects by state, visit <http://recovery.doi.gov>.

(Karen Hudgins)

## FAST TRACK TO AN M.D.

In an effort to chip away at a national shortage of physicians, Texas Tech Health Science Center (TTUHSC) has launched the first three-year medical degree approved by the nationally recognized accrediting authority for medical education.

The new Family Medicine Accelerated Track (FMAT) program will let primary-care students at the TTUHSC School of Medicine complete their degree in three years, at half the cost of the standard four-year program.

"There are not enough doctors going into primary care," says Dr. Michael Ragain, Braddock chair of the TTUHSC Department of Family and Community Medicine.

The high cost of medical school and resulting debt are challenging for many medical students, Ragain says, leading many to pursue the higher salaries typically earned by specialists.

Texas Tech's new program shortens medical school by one year and aims to cut debts incurred for medical school almost in half.

"They are paying for three years of medical school vs. four," Ragain says. "We also have scholarship support. It's very close to a half-price medical education."

Texas Tech's FMAT curriculum cuts one year of study by spreading course-work throughout the summers and cutting elective requirements. The TTUHSC School of Medicine will begin accepting students from the incoming class this summer. The program plans to enroll 10 to 12 students a year. Interest in the program is high, Ragain says.

For more information on Texas Tech's FMAT program, visit [www.ttuhschool.edu/som/fammed](http://www.ttuhschool.edu/som/fammed).

(Karen Hudgins)

## SUPER BOWL BRINGS SUPER BUCKS

North Texas has circled Feb. 6, 2011 on its calendar as it prepares for Super Bowl XLV — and its estimated \$612 million in economic activity.

"Collin, Dallas, Denton and Tarrant Counties represent the largest metropolitan area to host the Super Bowl in 17 years," says North Texas Host Committee President & CEO Bill Lively.

"The sheer size of the stadium and the region, and the Host Committee's

yearlong slate of events, are new elements in the Super Bowl equation that are driving economic growth."

According to a study from Marketing Information Masters Inc., a total of 147,000 out-of-state visitors and 584,000 in-state, out-of-market visitors could visit the area during Super Bowl week.

For more information on Superbowl XLV and its economic impact, visit [www.northtexas-superbowl.com](http://www.northtexas-superbowl.com).

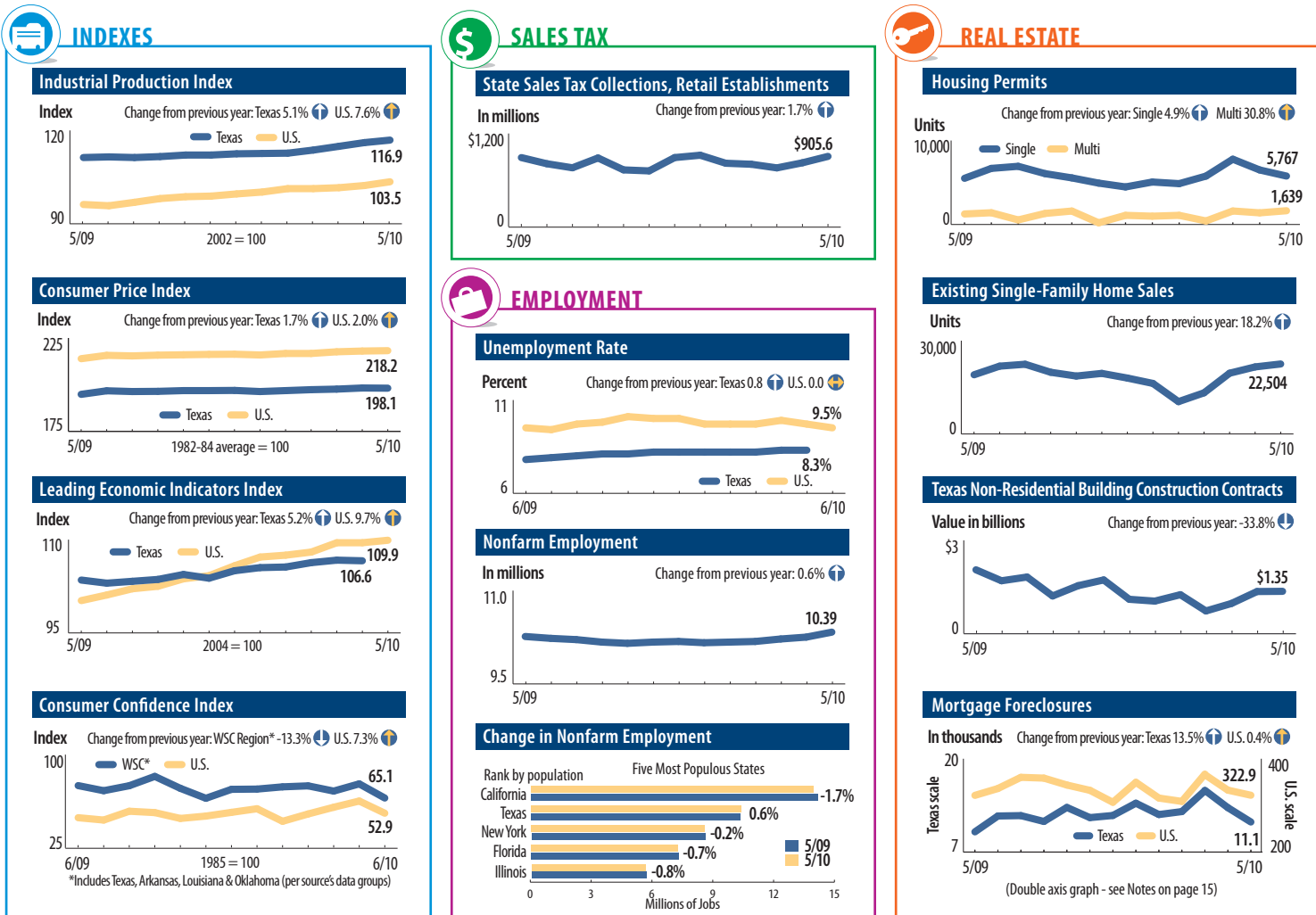
(Tracey Lamphere)



# Texas by the Numbers

For detailed statistics on the Texas economy, check the Comptroller's website at [www.TexasAhead.org](http://www.TexasAhead.org)

**Key Texas Economic Indicators** - Texas gained 66,700 jobs between May 2009 and May 2010, a 0.6 percent increase in nonfarm employment. In May 2010, 10.3 million Texans were employed, 75,200 more than in April 2010. Over the last year, Texas added jobs in mining and logging, professional and business services, leisure and hospitality, educational and health services and government.



## Texas Production and Consumption Indicators

DATE	Crude Oil Production	Natural Gas Production	Active Oil & Gas Drilling Rigs	Motor Fuels Taxed		Median Sale Price, Existing Single-family Home	Auto Sales	Cigarettes Taxed
	Value (MILLIONS)	Value (MILLIONS)	Units	Gasoline (MILLIONS OF GALLONS)	Diesel (MILLIONS OF GALLONS)	Dollars	Net Value (MILLIONS)	Packages of 20 (MILLIONS)
2008	\$30,409.17	\$34,415.89	892	11,709.7	3,854.0	\$145,800	\$44,442.4	1,077.0
2009	18,455.53	12,167.80	431	11,916.3	3,475.8	143,600	34,792.6	961.6
JUN-09	1,741.54	986.90	329	1,026.3	291.9	155,100	3,111.4	82.7
JUL-09	1,643.61	949.53	342	1,013.6	293.2	153,300	3,071.0	85.6
AUG-09	1,804.31	932.39	366	1,025.9	297.6	150,000	3,111.0	126.7
SEPT-09	1,717.62	795.82	380	1,021.0	292.0	147,400	3,357.9	36.9
OCT-09	1,952.41	1,057.91	398	961.1	281.8	142,700	2,859.6	76.6
NOV-09	1,977.57	1,181.20	433	991.0	288.4	142,500	2,536.5	77.9
DEC-09	1,910.37	1,387.87	470	963.3	267.4	144,500	2,813.6	82.3
JAN-10	2,027.32	1,724.08	519	992.8	287.6	136,900	2,815.3	66.8
FEB-10	1,813.74	1,477.15	549	945.5	289.6	141,100	2,969.2	70.6
MAR-10	1,722.44	1,369.19	593	913.6	273.8	144,000	3,356.2	84.3
APR-10	1,326.30		633	1,032.9	327.8	146,900	3,011.3	83.7
MAY-10			647	1,002.8	315.8	148,800	2,852.6	77.9
JUN-10			663					



May Cash Condition <sup>1</sup>			
(Amounts in millions)	General Revenue	Other Funds	Total Cash
<b>BEGINNING BALANCE MAY 1, 2010</b>	<b>\$4,749.7</b>	<b>\$21,098.6</b>	<b>\$25,848.3</b>
Revenue/Expenditures			
Revenue	8,970.4	2,554.2	11,524.6
Expenditures	5,685.8	2,468.5	8,154.3
Net Income (outgo)	\$3,284.6	\$85.7	\$3,370.3
Net Interfund Transfers and Investment Transactions	\$-874.1	\$-438.8	\$-1,312.9
Total Transactions	2,410.5	-353.1	2,057.4
<b>END CASH BALANCE MAY 31, 2010<sup>2</sup></b>	<b>\$7,160.2</b>	<b>\$20,745.5</b>	<b>\$27,905.7</b>
<sup>1</sup> Cash stated is from the Comptroller's Uniform Statewide Accounting System (USAS) and will vary from the amounts reflected in the cash accounts of the Treasury Operations Division of the Comptroller's office due to timing differences. Net amounts shown (less refunds) exclude funds that are authorized to be held outside the State Treasury and are not processed through USAS. Suspense and Trust Funds are included, as are unemployment compensation trust funds collected by the state but held in the Federal Treasury. Totals may not add due to rounding.			
<sup>2</sup> The ending General Revenue Fund balance includes \$3.4 billion derived from the sale of cash management notes.			

State Revenue/All Funds <sup>1</sup>			
(Amounts in millions)	Monthly Revenue	Fiscal Year-to-Date May 2010	
	May 2010	Revenue	% Change YTD/YTD
<b>TAX COLLECTIONS BY MAJOR TAX</b>			
Sales Tax	\$1,781.4	\$14,551.7	-9.2%
Oil Production Tax	89.9	670.6	8.0
Natural Gas Production Tax	105.7	531.5	-57.4
Motor Fuel Taxes	258.5	2,244.7	-0.6
Motor Vehicle Sales Tax	196.6	1,882.6	-2.7
Franchise Tax	3,369.7	3,645.6	-9.7
Cigarette & Tobacco Taxes	111.8	1,012.3	-9.7
Alcoholic Beverages Tax	70.8	597.6	0.6
Insurance Companies Tax	-11.6	789.2	3.8
Utility Taxes <sup>2</sup>	-13.4	328.2	-8.6
Inheritance Tax	0.0	97.9	77.9
Hotel/Motel Tax	29.1	235.3	-8.5
Other Taxes <sup>3</sup>	181.3	1,687.1	74.4
<b>TOTAL TAX COLLECTIONS</b>	<b>\$6,169.9</b>	<b>\$28,274.4</b>	<b>-6.5%</b>
<b>REVENUE BY RECEIPT TYPE</b>			
Tax Collections	\$6,169.9	\$28,274.4	-6.5%
Federal Income	3,314.5	29,884.1	28.5
Interest and Investment Income	58.1	978.4	-26.2
Licenses, fees, permits, fines,	663.2	5,210.4	-2.7
Contributions to Employee Benefits	493.4	4,072.2	8.1
Sales of Goods and Services	40.1	306.1	-4.2
Land Income	55.7	559.4	-13.7
Net Lottery Proceeds <sup>4</sup>	136.1	1,255.4	6.5
Other Revenue Sources	593.7	6,276.3	5.2
<b>TOTAL NET REVENUE</b>	<b>\$11,524.7</b>	<b>\$76,816.8</b>	<b>6.6%</b>
<sup>1</sup> Excludes revenues for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.			
<sup>2</sup> Includes the utility, gas utility administration and public utility gross receipts taxes.			
<sup>3</sup> Includes the cement and sulphur taxes and other occupation and gross receipt taxes not separately identified.			
<sup>4</sup> Gross sales less retailer commissions and the smaller prizes paid by retailers.			

## NOTES:

Crude oil and natural gas figures are net taxable values. Gasoline gallons include gasoline. Auto sale values are calculated from motor vehicle taxes collected on new and used vehicle sales. All figures are seasonally adjusted, except for sales tax collections; rigs; consumer price; housing permits/sales/prices; and consumer confidence. Figures are based on the most recent available data. Annual figures are for calendar years. [† Double axis graphs: Graphs with two vertical axes show values for Texas on the left and values for the U.S. on the right. This method shows trends more clearly over the last year when data values are substantially different at state and national levels.]

## SOURCES:

**KEY TEXAS ECONOMIC INDICATORS:**  
Consumer Price Index, Change in Nonfarm Employment: U.S. Bureau of Labor Statistics  
Consumer Confidence Index: The Conference Board  
Leading Economic Indicators Index: Texas Comptroller of Public Accounts, The Conference Board  
Unemployment Rate: Texas Workforce Commission, U.S. Bureau of Labor Statistics  
Nonfarm Employment: Texas Workforce Commission  
State Sales Tax Collections, Retail Establishments: Texas Comptroller of Public Accounts  
Housing Permits, Existing Single-family Home Sales: The Real Estate Center at Texas A&M University  
Industrial Production Index: Federal Reserve Bank of Dallas

Contract Value, Non-Residential Building Construction: McGraw-Hill  
Mortgage Foreclosures: RealtyTrac

**TEXAS PRODUCTION AND CONSUMPTION INDICATORS:**  
Crude Oil, Natural Gas, Motor Fuels, Auto Sales, Cigarettes: Texas Comptroller of Public Accounts  
Active Oil & Gas Drilling Rigs: Baker-Hughes Incorporated  
Median Sale Price, Existing Single-family Home: The Real Estate Center at Texas A&M University

State Expenditures/All Funds <sup>1</sup>			
(Amounts in millions)	Monthly Expenditures	Fiscal Year-to-Date May 2010	
	May 2010	Expenditures	% Change YTD/YTD
<b>BY OBJECT</b>			
Salaries and Wages	\$880.6	\$8,098.3	2.1%
Employee Benefits/Teacher Retirement Contribution	818.6	7,448.3	11.4
Supplies and Materials	77.9	724.6	4.4
Other Expenditures	294.9	2,412.5	-0.6
Public Assistance Payments	3,364.1	33,669.0	18.8
Intergovernmental Payments:			
Foundation School Program Grants	1,028.2	11,821.6	-20.6
Other Public Education Grants	1,619.9	5,518.9	43.0
Grants to Higher Education	96.6	863.8	-2.2
Other Grants	216.1	2,365.1	-5.2
Travel	12.8	115.3	-6.2
Professional Services and Fees	255.7	1,675.4	10.0
Payment of Interest/Debt Service	27.5	733.0	8.1
Highway Construction and Maintenance	295.2	2,353.3	-23.3
Capital Outlay	41.9	411.9	19.8
Repairs and Maintenance	54.9	578.3	10.0
Communications and Utilities	32.2	358.0	13.1
Rentals and Leases	20.9	213.1	1.6
Claims and Judgments	8.6	101.5	46.8
Cost of Goods Sold	33.2	315.0	-46.1
Printing and Reproduction	2.8	34.2	-7.7
<b>TOTAL NET EXPENDITURES</b>	<b>\$8,154.3</b>	<b>\$79,811.0</b>	<b>5.9%</b>
<b>BY FUNCTION</b>			
General Government			
Executive	\$587.5	\$5,099.2	9.9%
Legislative	10.3	99.8	-4.9
Judicial	26.4	209.5	13.8
Subtotal	624.2	5,408.5	9.7
Health and Human Services	3,279.5	32,790.0	19.2
Public Safety and Corrections	422.4	3,685.5	-4.9
Transportation	503.4	4,271.3	-13.8
Natural Resources/Recreational Services	133.8	1,360.4	-13.6
Education	2,314.9	24,197.6	-3.8
Regulatory Agencies	22.3	262.9	2.8
Employee Benefits	698.5	6,414.9	11.4
Debt Service—Interest	27.5	733.0	8.1
Capital Outlay	41.9	411.9	19.8
Lottery Winnings Paid <sup>2</sup>	86.0	275.0	-24.3
<b>TOTAL NET EXPENDITURES</b>	<b>\$8,154.3</b>	<b>\$79,811.0</b>	<b>5.9%</b>
<sup>1</sup> Excludes expenditures for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.			
<sup>2</sup> Does not include payments made by retailers. Previously shown as "Other expenditures."			

Some revenue and expenditure items have been reclassified, changing year-to-date totals. The ending cash balance is not affected because changes reflected in "total net revenues" and "total net expenditures" offset changes in "net interfund transfers and investments transactions" in the cash condition table.

Revenues and expenditures are reported for the most recent month available and as a running total for the current fiscal year-to-date. In addition, year-to-date figures are compared with the same period in the last fiscal year. These comparisons are reported as percentage changes, which may be positive or negative (shown by a minus sign).

Trust fund transactions are included within revenues and expenditures in the "all funds" presentations. Trust funds are not available to the state for general spending.

**Susan Combs**

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

**Fiscal Notes** is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

**Fiscal Notes** also provides a periodic summary of the financial statements for the State of Texas.

Articles and analysis appearing in **Fiscal Notes** do not necessarily represent the policy or endorsement of the Texas Comptroller of Public Accounts. Space is devoted to a wide variety of topics of Texas interest and general government concern.

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Duana Gill

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Raul Santos, Brandy Bianco

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Tracey Lamphere,

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Texas Comptroller of Public Accounts  
Publication #96-369,  
June/July 2010

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A Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts

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## HOUSTON, DALLAS GAIN MOST RESIDENTS IN 2009

Houston and Dallas-Fort Worth metropolitan areas saw the nation's largest increase of residents in 2009, according to the U.S. Census Bureau.

DFW's addition of 146,530 residents led all other U.S. metro

areas, bringing its total population to nearly 6.5 million. Houston had the second-highest numerical growth in 2009, gaining 140,784 new residents and lifting the area's total population to 5.9 million.

METROPOLITAN AREA	POPULATION JULY 2009	NUMERICAL INCREASE FROM 2008 TO 2009	U.S. RANK BASED ON NUMERICAL INCREASE
<b>DALLAS-FORT WORTH- ARLINGTON</b>	<b>6.45 million</b>	<b>146,530</b>	<b>1</b>
Houston-Sugar Land- Baytown	5.87 million	140,784	2
Austin-Round Rock	1.7 million	50,975	12
San Antonio	2.07 million	41,437	16
El Paso	751,296	12,880	40

Source: U.S. Census Bureau